

Tax Credit Presentation for GACS Members

Outlaw Consulting, Inc.
500 Lanier Ave. W, Suite 410
Fayetteville, GA 30214
770-461-2308

Tax Credits for Georgia C-Stores

- ✦ Federal Work Opportunity Tax Credit
- ✦ Federal Zone Credits
 - ◆ Empowerment Zone Credit
 - ◆ Renewal Community Credit
- ✦ Georgia Job Tax Credit
- ✦ Georgia Retraining Credit

Federal Credits: Work Opportunity Tax Credit

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- ✦ A credit for hiring economically disadvantaged employees
 - ✦ To qualify, a new hire must be in one of these categories
 - Member of a family receiving welfare,
 - Ex-Felons,
 - Member of a family receiving food stamps,
 - Qualified veterans,
 - SSI recipients,
 - Individuals who have received vocational rehabilitation,
 - Individuals 16-39 years of age living in an Empowerment Zone, Renewal Community or Enterprise Community, or
 - Katrina Displacees.
 - ✦ Have to work 120 hours to qualify
 - ✦ Generally, the credit is 40% of first \$6,000 in wages (\$2,400 Credit).
 - ◆ 25% of first 399 hours of wages
 - ◆ 40% once they hit 400 hours of service retroactive to hour 1
 - ✦ Increased credit for some categories
 - ✦ Employees must be screened when hired
 - ✦ Certification requests must be made within 28 days of hiring

Federal Credits: Empowerment Zone Credit

- ✦ The Company and Employee both must be located in an Empowerment Zone to qualify.
- ✦ Credit is 20% of the first \$15,000 of wages in any year.
- ✦ Southwest Georgia Empowerment Zone (Crisp and Dooly counties)

Federal Credits: Renewal Community Credit

- ✦ The Company and Employee both must be located in an Renewal Community to qualify.
- ✦ The credit is 15% of the first \$10,000 in wages or up to \$1,500 per employee.
- ✦ Atlanta has a Renewal Community

Georgia Credits: Job Tax Credit

- ✦ Incentive for job creation in certain industries.

- ✦ To qualify, a company must:
 - ◆ Be in a qualifying industry (or be in one of the lowest 40 ranking counties),
 - ◆ Create a minimum number of jobs, and
 - ◆ Pay at least the lowest county average wage rate in Georgia and offer health benefits to employees (Effective in 2001).

- ✦ A taxpayer may not claim the investment tax credit and the job tax credit for the same “project”.

Georgia Credits: Job Tax Credit

- ✦ In all but the 40 least developed counties, a taxpayer must be in one of the following industry groups to qualify for the job tax credit:
 - Manufacturing
 - Warehousing / Distribution
 - Processing*
 - Telecommunications
 - R&D
 - Tourism

- ✦ The regulations reference specific NAICS codes that qualify.

- ✦ The industry type “processing” includes a variety of industry classifications that may not be apparent (eg. Telemarketing, consulting, providing audit and accounting services, etc.)

Georgia Credits: Job Tax Credit

- ✦ To qualify for the Job Tax Credit a taxpayer must create at least:
 - Tier 1 - 5 Jobs
 - Tier 2 - 10 Jobs
 - Tier 3 - 15 Jobs
 - Tier 4 - 25 Jobs
 - Least Developed Census Tracts - 5 Jobs

- ✦ Job creation is measured by comparing the monthly average full time employment from one year to the next on a county by county basis.

- ✦ Jobs that are transferred from within the state or that replace other jobs do not qualify.

- ✦ The purchase of a business does not qualify as new job creation in most cases. Possible exceptions include if the business is moved or is shut down for a period of time

Georgia Credits: Job Tax Credit

The job tax credit is taken in each of the five years after the year the job is created. The annual credit is:

Tier	Annual Credit	Total per Job
4	\$750	\$3,750
3	\$1,250	\$6,250
2	\$2,500	\$12,500
1	\$3,500	\$17,500
Census Tract	\$3,500	\$17,500

Each year the amount of credit is adjusted up to reflect additional jobs or adjusted down to reflect jobs that were created but not maintained.

An additional \$500 per year is available if the county participates in a joint development authority. **This can mean a credit of \$20,000 per job!**

Georgia Credits: Retraining Tax Credit

- ✦ An incentive for employers in Georgia to retrain existing employees due to workplace changes
- ✦ The credit equals 50% of eligible training costs up to \$500/participant

Georgia Credits: Retraining Tax Credit

Qualifying Training:

Must be in one of the following general categories:

1. Retraining on new equipment
2. Retraining on new technology, or
3. Retraining on new operating systems
(including computer systems and operating methodologies)

Examples: PC classes, ISO 9000, new machinery, reengineering, software implementations

Georgia Credits: Retraining Tax Credit

Qualifying Trainees:

- Must be a Georgia resident employee
- Must be Supervisor level or below
- Must have at least 16 weeks of employment when trained
- Must be full time (25 hrs/wk or more)
- The training must fill a deficiency that could cause displacement
- Must not be required to pay for the training

Georgia Credits: Retraining Tax Credit

Qualifying Costs:

- Tuition to training provider
- Trainee's wages
- Trainer's wages
- Costs of developing materials
- Costs that do not qualify include: capital costs, cost of renting space, benefits, etc